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MEMORANDUM FOR: Chairman, National Intelligence Council

Vice Chairman, National Intelligence Council

SUBJECT: A new Sino-Soviet Diplomatic Structure

- 1. The Sino-Soviet talks that began on 5 October 1982 in Beijing manifest an earnest desire by both governments to create a new diplomacy and attendant structures that will permit a business-like relationship between them, while preserving their right to disagree on ideology. Easing the Chinese out of their traditional feeling of xenophobia has been their major international successes, most notably with Japan, the US and indirectly with Taiwan. Reassured by international acceptance, the Chinese now believe that they can deal with confidence with their northern neighbor. The USSR, on the other hand, is facing one of the worst periods in its postwar history. For the first time, it needs a closer relationship with China.
 - Several outcomes are possible:
- a. Even with the best intentions, the pitfalls are so numerous that the talks could founder.
- b. Limited increase in cooperation results, with no fundamental change in the level of tension; most observers expect some variant of this.
- c. A surprise breakthrough restores the level of cooperation that existed in the 1950's; neither side seeks nor expects such a development.

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4. Likely to emerge from the talks is a new series of agreements on athletic, cultural and academic exchanges, and increased trade and cooperation in transportation. These are low cost to both sides and keep the diplomatic process alive. The publicity attending the talks implies some headline development will result with the Soviets even attempting some grandstanding.

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5. In their relations with the US and Japan, the Chinese have recently demonstrated their ability to explore and capitalize on new ties with old enemies. This pattern now seems to be extending to the USSR. Likewise, two Brezhnev statements this year also point toward a genuine desire to seek a new arrangement with China. Consequently, a dramatic development from the talks is possible. It might include the announcement within the next few months of a symbolic withdrawal of Soviet forces in Mongolia, a return of some small border tract, a major economic agreement, or a summit meeting of Soviet and Chinese leaders.

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6. It is difficult to predict how far this new development will go, but China and the USSR may be giving birth to a relationship whose consequences could create great mischief for the US. Perceptions of power balance and policy objectives in the Far East, and probably elsewhere, would be upset. In those areas where the certainty of Chinese hostility to Soviet clients has been a condition to existing security arrangements, especially South and Southeast Asia, great uncertainty would ensue and renewed pressure for reassurance by the US would be generated. Even routine dealings with Chinese and Soviet diplomats would be modified by such a change in working assumptions of diplomacy. To the extent that these alternatives and the evidence which points toward a significant breakthrough have not been fully explored, in either intelligence publications or the media, a diplomatic surprise may be in the offing.

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